HOLLY L. WOLCOTT
CITY CLERK
———
PETTY F. SANTOS
EXECUTIVE OFFICER

City of Los Angeles
CALIFORNIA

Eric Garcetti
MAYOR

OFFICE OF THE
CITY CLERK

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———
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DIVISION MANAGER

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When making inquiries relative to this matter, please refer to the Council File No.: 20-0941, 20-1008

OFFICIAL ACTION OF THE LOS ANGELES CITY COUNCIL

December 10, 2020

Council File No.: 20-0941, 20-1008

Council Meeting Date: December 09, 2020

Agenda Item No.: 45

Agenda Description: STATUTORY EXEMPTION, COMMUNICATIONS FROM THE BUREAU OF ENGINEERING, and COMMUNICATION FROM THE CITY ADMINISTRATIVE OFFICER (CAO) relative to the acquisition of hotels and motels in various Council Districts for the City of Los Angeles Homekey Program.

Council Action: STATUTORY EXEMPTION, COMMUNICATIONS FROM THE BUREAU OF ENGINEERING, AND COMMUNICATION FROM THE CITY ADMINISTRATIVE OFFICER - ADOPTED AS AMENDED BY MOTION (MARTINEZ - BONIN)

Council Vote:

YES	BLUMENFIELD	YES	HARRIS-DAWSON	YES	O'FARRELL
YES	BONIN	YES	KORETZ	YES	PRICE
YES	BUSCAINO	YES	KREKORIAN	YES	RODRIGUEZ
YES	CEDILLO	YES	LEE	YES	RYU
YES	DE LEON	YES	MARTINEZ	YES	WESSON

HOLLY L. WOLCOTT
CITY CLERK

Pursuant to Charter/Los Angeles Administrative Code Section(s): 341

FILE SENT TO MAYOR: 12/10/2020

LAST DAY FOR MAYOR TO ACT: 12/21/2020

✓ **APPROVED** | ***DISAPPROVED** | ***VETO**

Mayor

12/10/2020
DATE SIGNED

AN EQUAL EMPLOYMENT OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER

Adopted Report(s)

Title	Date
Amending Motion	12/09/2020
Report from City Administrative Officer	12/07/2020

Item No. 45

MOTION

I HEREBY MOVE that Item Number 45 on today's Council Agenda (Council file No. 20-0941 / 20-1008) relative to the STATUTORY EXEMPTION, COMMUNICATIONS FROM THE BUREAU OF ENGINEERING, and COMMUNICATION FROM THE CITY ADMINISTRATIVE OFFICER (CAO) relative to the acquisition of hotels and motels in various Council Districts for the City of Los Angeles Homekey Program BE AMENDED to:

Instruct CAO to report back on how to avoid displacement of current residents with the City's acquisition of hotels and motels.

PRESENTED BY: _____
NURY MARTINEZ
Councilmember, 6th District

SECONDED BY: _____
MIKE BONIN
Councilmember, 11th District

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 7, 2020

CAO File No. 0220-05762-0007
Council File No. 20-0941
20-1008
Council District: 6, 7, 9, 11, 14 and 15

To: The City Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Project Homekey

Subject: Report Back on the Acquisition of Additional Properties under the City of Los Angeles Homekey Program

SUMMARY

This report outlines the necessary recommendations to acquire eight (8) additional properties under the City of Los Angeles Homekey (Homekey) Program. The acquisition of these properties, with up to 701 units/beds, will bring the total to 18 City-controlled sites with up to 1,237 units/beds. The Housing Authority of the City of Los Angeles acquired five (5) sites with 214 units. Once all of these sites are in operation, up to 1,451 new interim and permanent supportive units/beds will be created the City. This report also includes other Homekey related funding recommendations to ensure these sites can initiate operations as soon as possible.

RECOMMENDATIONS

That the City Council, subject to approval by the Mayor:

1. DETERMINE that this project, the purchase of the properties listed in Attachment 1, is statutorily exempt under the Public Resources Code Section 21080(b)(4) as a specific action necessary to prevent or mitigate an emergency as also reflected in the California Environmental Quality Act Guideline section 15269(c) Health & Safety Code section 50675.1.2 (AB 83) applicable to any project funded from the 2020 Budget Act or any related acts, including the Coronavirus Relief Fund by the federal CARES Act, with funds disbursed in accordance with the Multifamily Housing Program for the acquisition of motels and hotels to be used as Homekey Program shelters; as set forth in the attached Notice of Exemption, attached to this Council file;

2. DETERMINE that this project, the purchase of the property located at 3130 W. Washington Blvd, Venice, CA 90291, is statutorily exempt under the Public Resources Code Section 21080(b)(4) as a specific action necessary to prevent or mitigate an emergency as also reflected in the California Environmental Quality Act Guideline section 15269(c) Health & Safety Code section 50675.1.2 (AB 83) applicable to any project funded from the 2020 Budget Act or any related acts, including the Coronavirus Relief Fund by the federal CARES Act, with funds disbursed in accordance with the Multifamily Housing Program for the acquisition of motels and hotels to be used as Homekey Program shelters; as set forth in the attached Notice of Exemption, attached to this Council file;

3. AUTHORIZE the purchase of the properties listed in Attachment 1 by the Housing Authority of the City of Los Angeles on behalf of the City of Los Angeles;

4. APPPROPRIATE up to $67,769,148 reserved for successful Homekey Program applications to the COVID-19 Federal Relief Fund No. 63M, Department 10, Account No.10 T617, Matching Funds to purchase the properties listed in Attachment 1, contingent on final appraisals, and for the cost for real estate and property management services provided by the Housing Authority of the City of Los Angeles;

5. AUTHORIZE the Controller to wire the funds, outlined below, as properties are scheduled to close escrow, directly to the Commonwealth Land Title Company, 888 South Figueroa Street, Suite 2100, Los Angeles, CA 90017:

#	Site	CD	Units	Estimated Purchase Price	Estimated Closing Costs	Total Estimated Cost to the City
1	Woodman	6	74	$19,675,000	$538,411	$20,213,411
2	Good Nite Inn	7	87	$15,921,000	$436,718	$16,357,718
3	Super 8 LAX	11	44	$11,000,000	$316,127	$11,316,127
4	Ramada Inn	11	33	$9,900,000	$300,207	$10,200,207
5	Super 8	14	52	$8,840,000	$253,607	$9,093,607
	Total		**290**	**$65,336,000**	**$1,845,070**	**$67,181,070**

6. AUTHORIZE the Controller to wire up $ 588,078 to cover the property transfer tax for the 10 Homekey sites previously approved, for the scheduled closing and/or ownership transfer to the approved owner/operator, directly to the Commonwealth Land Title Company, 888 South Figueroa Street, Suite 2100, Los Angeles, CA 90017;

7. REPROGRAM up to $13,434,250 million in Emergency Solutions Grants (ESG) – COVID Fund No. 517, Department No. 43 allocated for alternations and rehabilitation to operations

and services, Fund 517;

8. APPROVE up to $13,434,250 in Emergency Solutions Grants (ESG) – COVID Fund No. 517 to fund Los Angeles Homeless Services Authority contracts for operations and services from January 1, 2021 – June 30, 2022, as outlined below:

#	Site	CD	Units	Estimated Operating Funds
1	Woodman	6	74	$3,428,050
2	Good Nite Inn	7	87	$4,030,275
3	Super 8 LAX	11	44	$2,038,300
4	Ramada Inn	11	33	$1,528,725
5	Super 8	14	52	$2,408,900
	Total		**290**	**$13,434,250**

9. APPROVE up to $1,935,702 in Emergency Solutions Grants (ESG) – COVID Fund 517, Department No.43, Account Nos. To Be Determined to fund Los Angeles Homeless Service Authority contract for alternations and rehabilitation as outlined below:

#	Site	CD	Units	Estimated Costs for Alterations
1	Woodman	6	74	$397,200
2	Good Nite Inn	7	87	$579,282
3	Super 8 LAX	11	44	$331,800
4	Ramada Inn	11	33	$382,220
5	Super 8	14	52	$245,200
	Total		**290**	**$1,935,702**

10. APPROVE the sole sourcing of the ownership and operations of these sites to the owner/operator listed below based on the urgency to develop these interim housing units and the funding source expenditure deadline of December 30, 2020, making it infeasible to issue another Request for Proposals;

CD	Site	Owner/Operator
7	Good Nite Inn	LA Family Housing
11	Super 8 LAX	The People Concerned
11	Ramada Inn	People Assisting the Homeless (PATH)
14	Super 8	National Community Renaissance of California and Union Station Homeless Services

11. AUTHORIZE the City Administrative Officer to direct the Los Angeles Homeless Services Authority to enter into sole source contracts with the owner/operators in Recommendation 10 for operations/services and alterations;

12. APPROVE the sole sourcing of the ownership and operations of Travelodge-Normandie,18606 Normandie Ave, Los Angeles, CA 90248, in Council District 15, a previously approved Homekey site, to the People Assisting the Homeless (PATH) given that there were no bidders on this site in response to the owner/operator Request for Proposals;

13. APPPROPRIATE up to $23,758,000 of the $150 million reserved for successful Homekey Program applications to the COVID-19 Federal Relief Fund No. 63M, Department 10, Account No. 10T617, Matching Funding for Homekey Program Application to purchase three (sites) in Council District 9, contingent on the final appraisal and close of escrow by December 30, 2020;

14. APPROVE the allocation of up to $23,758,000 for the purchase of three (3) sites in Council District 9, contingent on final appraisals and the execution of a Promissory Note, Deed of Trust and Regulatory Agreement, to the following organizations;

Proposed Sites	Organization	Number of Beds	Purchase Price	Estimated Closing Costs	Estimated Total
5201 S Vermont Avenue, LA,90037 or 2521-2525 Long Beach Avenue, LA 90058	VOALA	Up to 200	$4,900,000	$20,000	$4,920,000
2300, 2312, 2324 & 2332 S Central Avenue, LA 90011	CRCD	Up to 91	$11,100,000	$588,000	$11,688,000

Proposed Sites	Organization	Number of Beds	Purchase Price	Estimated Closing Costs	Estimated Total
1300-1332 W Slauson Avenue, 90044	LANHS	Up to 120	$6,100,000	$1,050,000	$7,150,000
Total		**Up to 411**	**22,100,00**	**$1,658,000**	**$23,758,000**

15. AUTHORIZE the Controller to wire up to $4,920,000 for the selected site, either 5201 S Vermont Avenue or 2521-2525 Long Beach Avenue, for the scheduled closing, directly to Wilshire Escrow, 4270 Wilshire Blvd, Los Angeles, CA 90010, or Peninsula Escrow, 734 Silver Spur Road, Suite 104, Rolling Hills Estate, CA 90274, respectively;

16. AUTHORIZE the Controller to wire up to $11,688,000 for 2300,2312, 2324 and 2332 South Central Avenue, for the scheduled to closing, directly to Commonwealth Land Title Company, 888 South Figueroa Street, Suite 2100, Los Angeles, CA 90017;

17. AUTHORIZE the Controller to wire up to $7,150,000 for 1300-1332 W Slauson Avenue, for the scheduled closing, directly to METRO Escrow, 3600 Wilshire Blvd., Suite 326, Los Angeles, CA 90010;

18. AUTHORIZE the City Administrative Officer or designee, to negotiate and execute escrow documents, covenant/regulatory agreements, and any other documents necessary to implement the additional purchases listed in Recommendation 5 and Recommendation 14, subject to the approval of the City Attorney as to form;

19. APPROVE up to $300,000 in Emergency Solutions Grants – COVID, Fund 517, Department No. 43, for the Housing Authority of the City of Los Angeles for property management services at the Woodman site in Council District 6, from January 1, 2021 through March 31, 2021;

20. REQUEST that the Los Angeles Homeless Services Authority transfer up to $300,000 in Emergency Solutions Grants – COVID to the City Administrative Officer to fund property management services at the Woodman site in Council District 6, from January 1, 2021 through March 31, 2021, under the City Administrative Officer's existing contract with the Housing Authority of the City of Los Angeles for these services;

21. INSTRUCT the City Administrative Officer to enter into a Memorandum of Understanding with the Los Angeles Homeless Services Authority on the use and disbursement of the funds in Recommendation 20;

22. APPROVE up to $303,021 from Emergency Solutions Grants – COVID, Fund 517, Department No. 43 for People Assisting the Homeless (PATH) for accessibility and life safety upgrades for the Travelodge Normandie Project Homekey site in Council District 15;

23. REQUEST that the Los Angeles Homeless Services Authority increase the contract amount with People Assisting the Homeless (PATH) for accessibility and life safety upgrades for the Travelodge Normandie Project Homekey site from $80,000 to $383,021;

24. APPROVE up to $150,000 in Emergency Solutions Grants – COVID, Fund 517, Department No. 43 for LA Family Housing, the approved owner/operator of the Panorama Motel, a previously approved Homekey site, in Council District 6, for additional remediation needed on the site;

25. REQUEST that the Los Angeles Homeless Services Authority increase the contract amount with LA Family Housing for accessibility and life safety upgrades for the Panorama Hotel Project Homekey site from $490,490 to $640,490;

26. INSTRUCT the General Manager of the Housing and Community Investment Department (HCID) or designee, to amend the necessary contract with the Los Angeles Homeless Services Authority for the Emergency Solutions Grants (ESG) – COVID to effectuate recommendations in this report;

27. REQUEST the Los Angeles Homeless Services Authority to amend the necessary contracts with the recommended service providers to effectuate the recommendations in this report; and

28. AUTHORIZE the City Administrative Officer to prepare Controller instructions or make necessary technical adjustments, including to the names of the Special Fund accounts recommended for this report, consistent with the Mayor and Council action in this matter, and authorize the Controller to implement these instructions.

BACKGROUND

On November 2, 2020, the Mayor and City Council approved the purchase of 10 motel/hotels as part of the State of California Department of Housing and Community Development Notice of Funding Availability Homekey Program, and authorized the City Administrative Officer to continue to work with the Housing Authority of the City of Los Angeles (HACLA) to purchase additional sites with the City's remaining balance of the $150 million in Coronavirus Relief Fund (CRF) monies allocated to the Homekey Program.

State Homekey NOFA Results

Although the state was oversubscribed in all regions for Homekey funding requests, HACLA and

the City were successful in securing match awards for all 15 sites submitted for funding. The site in Council District 12 that was on the waitlist at the time of our last report, Travelodge (Devonshire), will receive a state match of $12,214,925 for a total capital funding award of $120,456,697. We also received $10,029,000 in operating subsidies for 12 properties: three (3) HACLA-designated; and nine (9) City designated properties.

Additional Properties to be Acquired

The five (5) additional sites that HACLA is acquiring on the City's behalf are outlined in Table 1 below. Each property will be utilized for the Homelessness Roadmap target population. The respective Purchase and Sales Agreements for these properties include various contingencies, including due diligence, and Mayor and Council approval.

As most of the appraisals are still being finalized, this Office recommends that up to $67,181,070 be appropriated to acquire these properties.

Table 1 Proposed Sites for City Acquisition

#	Site	CD	Units	Estimated Purchase Price	Estimated Closing Costs	Total Estimated Cost to the City
1	Woodman	6	74	$19,675,000	$538,411	$20,213,411
2	Good Nite Inn	7	87	$15,921,000	$436,718	$16,357,718
3	Super 8 LAX	11	44	$11,000,000	$316,127	$11,316,127
4	Ramada Inn	11	33	$9,900,000	$300,207	$10,200,207
5	Super 8	14	52	$8,840,000	$253,607	$9,093,607
	Total		290	**$65,336,000**	**$1,845,070**	**$67,181,070**

The average cost per unit for these properties is estimated at $231,659, not including alternations and operating costs.

Due to urgency in increasing the interim housing inventory and the CRF expenditure deadline, the City Attorney has opined that the City can sole source these sites to the selected owner/operators recommended in this report. HACLA will acquire all of the sites on behalf of the City and transfer ownership to the selected owner/operator at escrow closing. This report recommends the owner/operators outlined in Table 2 be approved for these sites.

Table 2: Selected Owner/Operators

#	Site	CD	Units	Owner/Operator
1	Woodman	6	74	TBD
2	Good Nite Inn	7	87	LA Family Housing
3	Super 8 LAX	11	44	The People Concerned
4	Ramada Inn	11	33	People Assisting the Homeless (PATH)
5	Super 8	14	52	National Community Renaissance of California and Union Station Homeless Services

As the service provider for the Woodman site has not been selected, the CAO will contract with HACLA for property management services for up to three (3) months, January 1, 2021 – March 31, 2021.

This report also clarifies the recommendation to select People Assisting the Homeless (PATH) as the approved owner/operator for the Travelodge – Normandie in Council District 15. As the CAO did not receive any bidders for the site through the owner/operator Request for Proposals, the City Attorney opined it could be sole sourced to PATH.

We also recommend an allocation of up to $588,078 to cover the property transfer tax for the previously approved Homekey sites as the City will not take ownership/title of any of these sites.

Services and Operating Costs

The City will provide services and operating funding for a maximum of five (5) years. This Office estimates the total cost of interim housing program client services and building operations to be $85 per room per day.

The selected owner/operator will ascribe to the principles of Housing First, Trauma-Informed Care, and Harm Reduction, all evidence-based approaches to effectively serve the homeless population in these properties. This report recommends up to $13,434,250 in Emergency Solutions Grant - COVID funds to cover the estimated operations costs from January 1, 2021 through June 30, 2022 for these five (5) sites, as outlined in Table 3 below.

Table 3 Operating/Services funds.

#	Site	CD	Units	Estimated Operating Funds
1	Woodman	6	74	$3,428,050

2	Good Nite Inn	7	87	$4,030,275
3	Super 8 LAX	11	44	$2,038,300
4	Ramada Inn	11	33	$1,528,725
5	Super 8	14	52	$2,408,900
	Total			**$13,434,250**

Alterations and Improvements – Funding for Accessibility Life Safety Upgrades
The selected owner/operator will have to initiate the necessary life safety and accessibility alternations immediately. The City will provide funding for alterations from the ESG -COVID funds approved in the first Homekey report dated, August 7, 2020. This report recommends up to $1,935,702 for alternations as outlined in Table 4

Table 4: Estimated Funding for Alterations

#	Site	CD	Units	Estimated Funding
1	Woodman	6	74	$397,200
2	Good Nite Inn	7	87	$579,282
3	Super 8 LAX	11	44	$331,800
4	Ramada Inn	11	33	$382,220
5	Super 8	14	52	$245,200
	Total			**$1,935,702**

This Office will report back on final estimates for these sites, as most of the Physical Needs Assessments are in process.

The owner/operator will have to complete the required accessibility alterations. Each interim housing site must comply with the minimum accessibility standards as defined by California Building Code (CBC) Chapter 11A and 11B and the Americans with Disabilities Act, Title II; 10 percent of units will be equipped with mobility features; and four (4) percent of units will be equipped with communication features.

In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS) standards, 24 C.F.R. Part 8, or HUD's modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 F.R. 29671(5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units

shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Section 8.26. The selected owner/operators will be required to complete alterations immediately, and not more than 90 days after acquisition/ownership transfer.

This report also recommends an additional $303,021 for People Assisting the Homeless (PATH) for additional alterations to the Travelodge Normandie Project Homekey site in Council District 15. The previous report provided $80,000 for a total of $383,021. In addition to accessibility and life safety upgrades, this estimate also includes $28,650 to reconfigure the lobby area of the hotel to provide private case management space, which is not currently available at this site.

An additional $150,000 is also recommended for LA Family Housing to address remediation at the Panorama Hotel Project Homekey site, in Council District 6. This brings the total funding provided for alterations for this site to $640,490.

Properties in Council District 9

The November 2, 2020 Mayor and City Council action, approved $20,000,000 for the purchase of a property in Council District 9 (C.F. 20-1008 – Price- O'Farrell). Unfortunately, the owner was not willing to sell the property at the appraised price. Council District 9, however, was able to identify three (3) nonprofit organizations able to acquire properties for use as interim housing, Volunteers of America of Los Angeles (VOALA), Coalition for Responsible Community Development (CRCD), and the Los Angeles Neighborhood Housing Services (LANHS). The sites are not hotels/motels, but commercial properties that will be converted for use as interim housing and eventually permanent housing, except for the VOALA site, which will remain as interim housing. This reports recommends up to $23,758,000 in funding for these acquisitions. The organizations are working to acquire the sites in Table 4 by December 30, 2020.

Table 5: Proposed Acquisitions in Council District 9

Proposed Sites	Organization	Number of Beds	Purchase Price	Estimated Closing Costs	Estimated Total
5201 S Vermont Avenue, LA,90037 or 2521-2525 Long Beach Avenue, LA 90058	VOALA	Up to 200	$4,900,000	$20,000	$4,920,000
2300, 2312, 2324 & 2332 S Central Avenue, LA 90011	CRCD	Up to 91	$11,100,000	$588,000	$11,688,000
1300-1332 W Slauson Avenue, 90044	LANHS	Up to 120	$6,100,000	$1,050,000	$7,150,000
Total		**Up to 411**	**22,100,00**	**$1,658,000**	**$23,758,000**

Both the additional HACLA acquisitions and the Council District 9 sites will be part of the City Homekey Program and will have to comply with the same requirements as the Homekey sites acquired with the state match. The City will require each owner/operator to sign a Promissory Note (Note) for the appraised value of the property, and record of a Deed of Trust and a Regulatory Agreement through escrow as part of the transfer of title to each Owner/operator. The Deed of Trust will secure amounts due under the Note, and authorize the exercise of remedies against the property for any breach of the Note or the Regulatory Agreement including a Regulatory Agreement restricting use of the property to interim or permanent supportive/affordable housing for fifty-five (55) years of project operations, first for use as interim housing, and for the remainder of the term as interim or permanent/affordable housing, depending on agreed-upon plans for future use of the property between the owner/operator and the City.

FISCAL IMPACT

There is no impact to the General Fund as a result of the recommendations in this report at time. All of the recommendations in this report will be funded with federal funds. In FY 2022-23, an estimated $12,915,325 will be needed for the City share of operating costs for approved Homekey Program sites. Funding for these costs will be considered through the City's annual budget process, which is subject to Mayor and Council approval.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City Financial Policies.

RHL/YC

Attachment 1: Additional Homekey Properties for Acquisition

ATTACHMENT 1

ADDITIONAL HOMEKEY PROPERTIES FOR ACQUISTION

1. Woodman
   9120 Woodman Avenue
   Arleta, CA 91334

2. The Good Nite Inn
   12835 Encinitas Avenue
   Sylmar, CA 91342

3. Super 8 LAX
   9250 Airport Drive
   Los Angeles, CA 90045

4. Ramada Inn
   3130 Washington Blvd
   Venice, CA 90291

5. Super 8 Alhambra
   5350 Huntington Drive South
   Los Angeles, CA 90032